since the Bankers' Receipts were used by banks in a manner contrary to the existing regulations, which facilitated these irregularities, the penalties imposed for irregular PMS and RF transactions also took care of misuse of BRs largely. However, violation of BRs was not a specific item in the show cause notices issued to banks since such notices were issued specifically for violation of RBI's instructions on PMS and RF transactions. In the case of various other lapses in observance of the regulatory framework, separate notices were issued to 37 banks with regard to withdrawal of exemption from the maintenance of 10% incremental CRR.

Capital Adequacy Ratio of Commercial Banks

1982. SHRI DIPANKAR MUKHERJEE : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that in terms of economic survey 1993-94. Government desired that Public Sector Banks should resort to public issues to reach minimum capital adequacy ratio;

(b) what was the capital adequacy ratio of Oriental Bank of Commerce before going public; and

(c) whether it was more than that prescribed by Government, if so, what were the compelling factors for which Government allowed disinvestment of its shares in Oriental Bank of Commerce ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) Yes, Sir. In terms of para 35 of Chapter 3 of the Economic Survey 1993-94 it has been inter-alia stated that as Government resources are limited, banks have to mobilise debt and equity resources from the public. RBI has intimated that banks which are in a position to go public to raise their capital funds in the form of equity will be allowed to do so.

(b) 10.2% as at 31st March, 1994.

(c) The CRAR norm prescribed by RBI was 8% by 31st March, 1996 for banks without branches abroad. Oriental Bank of Commerce has achieved the norm as at 31st March, 1994. However, the bank has been permitted to further raise its level of capital for the following reasons also in addition to achievement of capital adequacy norm :—

(i) with the growth in deposits, funded-risk assets and off-balance sheet items would increase commensurately and this would necessitate enhancement in net worth to comply with capital

(ii) As per the present RBI guidelines on lending under consortium arrangement, the share of a bank as a member of the consortium should be minimum of 5% of the fund based credit limits so as to ensure meaningful participation. This requires the banks to raise their level of capital.

(iii) The banks have also to observe the credit exposure norm of 25% of the net worth in the case of individual borrower and 50% in the case of group borrowers. to enable the bank to give credit to big borrowers/clients, enhancement of capital is necessary.

Writting off High Value Account

1983. SHRI DIPANKAR MUKHERJEE :

SHRIMATI CHANDRAKALA PANDEY :

Will the Minister of FINANCE be pleased to state :

(a) whether Government are considering making it obligatory on Public Sector Banks to refer to Special Recovery Tribunal before writing off or entering into a compromise in respect of loans where limits of loan or outstanding loans exceed Rs. 10 lakhs;

(b) if so, what is the present position in this regard; and

(c) if not, what steps Government are contemplating to guard against collusive write offs/compromises in high value accounts ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) to (c) There is no proposal regarding making it obligatory on public sector banks to seek approval of Special Recovery Tribunals before writing off or entering into a compromise in respect of loans exceeding Rs. 10 lakhs. RBI has however, issued guidelines to the banks regarding write off and compromise proposals.

Violation of Central Excise Act by Reliance Industries

1984. DR. NAUNIHAL SINGH : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that the Finance Ministry has confirmed the violation of the Central Excise Act by Reliance Industries Ltd. in connection with its exports of Partially Oriented Yarn (POY), if so, the details of the action taken in the matter; and

(b) whether Government are aware that in a statement to the "Economic Times", published on 7th October, 1994, a Reliance Spokesman said "Neither the Company nor any of its executives are in any way responsible for any evasion of customs duties

or the alleged violation", if so, what are the reaction of the Government in the matter and whether Government have contradicted it ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) and (b) Government are aware of the report in the Economic Times published on 7th October, 1994.

On the basis of investigations in this matter, two show cause notices were issued, one dated 24-2-94 and the other dated 22-7-94, to M/s. Reliance Industries Ltd. and others. The first show cause notice has been adjudicated by the Collector of Central Excise confirming a demand of Rs. 26.59 lakhs on M/s. Reliance Industries Ltd. and also imposing a penalty of Rs. 5 lakhs on them. The second show cause notice is under adjudication.

Indo-China Economic Ties

1985. SHRI RAMDAS AGARWAL : will the Minister of FINANCE be pleased to state :

(a) whether high-level goodwill delegation from India visited China during November, 1994 in order to boost Indo-China economic ties and high-level economic contracts between the two countries;

(b) whether any Agreement has been reached between the two countries on establishment of banking relations; if so, whether this Agreement (MOU) is likely to be signed by the Central Banks of both the countries, besides any other Agreement;

(c) whether it is a fact that no Indian Bank has so far taken the risk of exposure in China after the unresolved outstanding problems of liquidation of the Bank of China branches in India and

(d) if so, what is the present position of economic relations/ties between India and China ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) No, Sir.

(b) and (c) Reserve Bank of India (RBI) has intimated that a Memorandum of Understanding (MOU) on Banking Co-operation has been signed by RBI with the people's Bank of China on 22nd October, 1994. Both the Central Bank of India and China have reached an understanding that SBI and other major Indian banks shall strengthen correspondent banking arrangements with Chinese banks operating in China and outside India for handling of trade and economic relations in accordance with the regulations in both the countries. Both banks shall also consider favourably the opening of representative offices by banks from the other country subject to current regulations existing in each country.

(d) Ministry of External Affairs have intimated that the MOU signed in October, 1994 and the Agreement on Avoidance of Double Taxation signed during Chinese Foreign Minister's visit to India earlier this year are likely to promote trade and economic relations between the two countries. Bilateral trade between India and China has shown a significant increase in recent years. For the first nine months of this year the total volume of trade was US $ 593 million which is an increase of 29.47% over the corresponding perod last year.

Cash Credit Facilities to Farmers

1986. MISS SAROJ KHAPARDE : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that the Reserve Bank of India is considering Cash Credit facilities for farmers from commercial banks as provided to industries; and

(b) if so, what are the details thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) and (b) Reserve Bank of India (RBI) has advised all the scheduled commercial banks including regional rural banks ——— vide its circular dated 26-10-1994 that farmers satisfying certain criteria should be extended a line of credit in the form of cash credit facility to meet their composite credit requirements. The facility will be available to farmers having irrigation facility and also to those who do not have such facility but who in addition to cultivation of crops undertake allied activities like dairy, poultry, etc. and/or other non-farm activities and who have satisfactory track record in the previous two years in regard to the conduct of their bank/borrowal accounts.

Assistance Sanctioned and Disbursed by IDBI

1987. SHRI T. VENKATRAM REDDY : Will the Minister of FINANCE be pleased to state :

(a) the number of applications for grant Industrial Development Bank of India Industral Development Bank of India during the last three years, State-wise;

(b) the number of applications sanctioned and rejected State-wise; and

(c) the details of financial assistance sanctioned and disbursed by IDBI to Industries during the above period, State-wise ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) and (b) As per the information provided